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Comptroller of the Currency  
Administrator of National Banks

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340 Madison Avenue, 5<sup>th</sup> Floor  
New York, New York 10017

Licensing Division  
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**Corporate Decision #2007-07**  
**September 2007**

August 2, 2007

Robin J. H. Maxwell, Esq.  
Partner  
Goodwin Procter LLP  
599 Lexington Avenue  
New York, NY 10022

Re: Application to merge seven affiliated banks and an affiliated non-bank corporation into Citizens Bank, National Association, Albany, New York, under the charter of the latter and with the title RBS Citizens, National Association  
Application Control Numbers: 2007-NE-02-012, 02-013, 12-0147  
Charter No.: 24571

Dear Ms. Maxwell:

The Comptroller of the Currency (OCC) hereby approves the proposal to merge the Citizens Bank of Massachusetts, Boston, MA (“CBMA”); Citizens Bank of Connecticut, New London, CT (“CBCT”); Citizens Bank of Rhode Island, Providence, RI (“CBRI”); Citizens Bank New Hampshire, Manchester, NH (“CBNH”); Citizens Bank, Wilmington, DE (“CBDE”); Charter One Bank, National Association, Cleveland, OH (“Charter One”); RBS National Bank, Bridgeport, CT (“RBSNB”) (collectively, the “target banks”); and CCO Mortgage Corp., Glen Allen, VA (“CCOM”) into Citizens Bank, National Association, Albany, New York (“CBNA”), under the charter of the latter and with the title RBS Citizens, National Association. The Resulting Bank will designate the main office of CBRI located at One Citizens Plaza, Providence, Rhode Island 02903, as its main office.

This approval is granted based on a thorough review of the record of the referenced applications, including commitments and representations made in the application and the merger agreement and those of your representatives.

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### **Legal Authority**

The mergers of the target banks into CBNA are legally authorized as interstate merger transactions under the Riegle-Neal Act (the “Act”).<sup>1</sup> In this regard, the OCC has determined that, with respect to the mergers, the Act’s age requirements<sup>2</sup> applicable to the target banks, filing requirements, and requirements as to the capital adequacy of the banks involved in the merger, and management capabilities of the Resulting Bank are satisfied.<sup>3</sup> In addition, as authorized by the Act, the OCC approves the designation of the main office of CBRI as the main office of the Resulting Bank and the retention of the main offices and branches of CBNA and the target banks as branch offices of the Resulting Bank.<sup>4</sup>

Finally, CCOM merger into CBNA is authorized under 12 U.S.C. § 215a-3.<sup>5</sup>

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<sup>1</sup> 12 U.S.C. §§ 215a-1 and 1831u(a).

<sup>2</sup> CBNA was established in May 2005 for the sole purpose of acquiring the branches of Charter One in New York and Vermont. New York law allows new banks to assume the age of the branches it acquires. The bank meets the New York age limit because many of the branches it acquired in New York have existed for more than five years. RBSNA does not meet the minimum age requirement of CT. The bank has requested a waiver of this requirement from the Connecticut Banking Commissioner. If a waiver is not granted, the mergers will be consummated in two steps. First, the target banks, with the exception of RBSNA, will merge into CBNA. The Resulting Bank will be located in CT for purposes of Section 215a, because it acquired and is operating the branches of CBCT in CT. RBSNA is headquartered in CT and the Resulting Bank is located in CT, thus Riegle-Neal Act does not apply. Second, RBSNA will merge into the Resulting Bank.

<sup>3</sup> 12 U.S.C. § 1831u(a)(5), (b)(1) and (b)(4). The Community Reinvestment Act’s (“CRA”) concentration limits and expanded CRA requirements are not applicable to these transactions because they are among affiliated banks. As will be subsequently discussed, approval of the mergers is also consistent with the factors set forth in the Bank Merger Act and with the record of compliance of the parties to the mergers with the CRA.

<sup>4</sup> 12 U.S.C. §§ 36(d) and 1831u(d)(1). This includes several unopened branches that have been approved for the target banks by the respective State Banking Departments and the FDIC, which are at sites at which national banks may permissibly establish branches.

<sup>5</sup> Approval of the FDIC is also required, under 12 U.S.C. § 1828( c), for the merger of an uninsured institution into an insured depository institution, such as CBNA. The FDIC approved this transaction on July 23, 2007.

### **Bank Merger Act**

The OCC reviewed the proposed merger transactions under the criteria of the Bank Merger Act,<sup>6</sup> and applicable OCC regulations and policies. Among other matters, we found that the proposed transactions would not have any anticompetitive effects. The OCC considered the financial and managerial resources of the banks, their future prospects, and the convenience and needs of the communities to be served. In addition, the Bank Merger Act requires the OCC to consider “. . . the effectiveness of any insured depository institution involved in the proposed merger transaction in combating money laundering activities . . .”<sup>7</sup> The OCC considered these factors and found them to be consistent with approval under the statutory provisions.

### **Community Reinvestment Act**

Community Reinvest Act (“CRA”) requires the OCC to take into account the records of the institutions proposing to engage in a conversion or a merger in helping to meet the credit needs of the community, including low- and moderate-income (“LMI”) neighborhoods, when evaluating merger applications.<sup>8</sup> The OCC considers the CRA Performance Evaluation (“PE”) of each institution involved in the transaction. A review of the records of these applicants, and other information available to the OCC as a result of its regulatory responsibilities, revealed no evidence indicating that the applicant’s records of helping to meet the credit needs of their communities, including LMI neighborhoods, are less than satisfactory.<sup>9</sup>

The state chartered institutions’ two most recent CRA examinations by the FDIC have resulted in consecutive “Outstanding” ratings<sup>10</sup>. Charter One’s most recent CRA examination performed by the OCC resulted in a “Satisfactory” rating. CBNA and RBSNA<sup>11</sup> have no CRA rating as they are new institutions and have not been examined.

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<sup>6</sup> 12 U.S.C. § 1828(c).

<sup>7</sup> 12 U.S.C. § 1828(c)(11).

<sup>8</sup> 12 U.S.C. §§ 2903(a)(2) and 2902(3)(A) and (E); 12 C.F.R. § 25.29(a)(3) and (4).

<sup>9</sup> No protests or comment letters were submitted to the OCC.

<sup>10</sup> CBDE was only examined once and received an “Outstanding” rating. The bank was established in December 2001.

<sup>11</sup> CBNA commenced business on May 13, 2005, and RBSNB on April 1, 2005.

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The Resulting Bank's CRA assessment area will be expanded to include the current assessment areas of all the target banks. In addition, the CRA program for the acquiring and target banks will be combined into one program. CRA is managed centrally by the Parent, Citizens Financial Group ("CFG"). The OCC's Large Bank Supervision reviewed and found CFG's CRA plans and program for the subsidiary banks to be effective. CFG is committed to meeting the credit needs of the communities as evidenced by the "Outstanding" and "Satisfactory" CRA ratings for the state-chartered banks and Charter One, respectively. Furthermore, the current CRA program will be unchanged and continue to be centrally managed.

### **Community Development Investments**

CBNA will retain previously-made community development investments under the investment authority of 12 U.S.C. § 24(Eleventh) and 12 C.F.R. Part 24 concerning national bank investments in community and economic development entities, community development projects, and other public welfare investments.

Under a separate cover, you will receive approval from the Deputy Comptroller of Community Affairs that your public welfare investments conform to the requirements of Part 24.

### **Retention of subsidiaries**

CBNA requests OCC approval for the Resulting Bank to retain as operating and statutory subsidiaries<sup>12</sup> a number of entities that CBNA and the target banks currently own. CBNA has represented that all subsidiaries that it will acquire as a result of this transaction will be operated in accordance with OCC regulations and policies contained in guidance issued by the OCC.<sup>13</sup>

Except for the subsidiaries and equity investments discussed below, all of the subsidiaries conduct activities that are permissible for national banks by statute, regulation, and prior

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<sup>12</sup> You are reminded that if the Resulting Bank decides to engage in any activities in an inactive operating subsidiary or engage in any new activity from that approved in an operating subsidiary, compliance with the applicable procedures under 12 CFR 5.34 is required.

<sup>13</sup> 12 C.F.R. § 5.34(e)(5)(iv).

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OCC precedent.<sup>14</sup>

CBNA has also requested approval to temporarily retain certain nonconforming activities and assets conducted by the operating subsidiaries of the target banks. Following consummation, the Resulting Bank may continue certain activities and retain investments in certain entities listed below.<sup>15</sup> These investments must be terminated within the time period specified below unless; the OCC determines that these investments are permissible.

CBRI operates three subsidiaries that engage in insurance activities, these are CCO Investment Services Corp., Citizens Financial Services Insurance Agency, Inc., and Citizens Insurance Agency of New York, Inc. These subsidiaries engage in the sale, as agent, of life, accident and health, as well as variable life insurance and variable annuities. Within two years, the Resulting Bank will either bring their operations into conformity with 12 C.F.R. § 7.1001 or establish and hold them as financial subsidiaries pursuant to 12 C.F.R. § 5.39.

CBMA has a sixty (60) percent ownership interest in MCD Realty Limited Partnership. The remaining forty (40) percent is owned by three individuals. The partnership holds interests in two parcels of land that were acquired through foreclosures for DPC but exceed the permissible holding period under 12 U.S.C. § 29. Although the Resulting Bank has five years to divest the property, CBNA has requested permission for the Resulting Bank to hold these properties for a two-year period to allow it to market and dispose of the properties.

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<sup>14</sup> CMBA operates Citizens Trade Services, Limited (“CTSL”), which is incorporated under the laws of Hong Kong. This foreign subsidiary cannot be retained by CBNA because a national bank’s foreign subsidiary must comply with regulations promulgated by the Board of Governors of the Federal Reserve System, at 12 C.F.R. Part 211 and § 250.143. The Applicant has represented that, prior to consummation of the Bank Merger, the subsidiary will cease doing business and will be liquidated after the Bank Merger. Another alternative will be to transfer the subsidiary to another affiliate within the CFG organization prior to the Bank Merger. At consummation of the Bank Merger, CBNA will certify to the OCC that the subsidiary has ceased all operations and will be dissolved or was transferred.

<sup>15</sup> These are activities and investments that are not generally permissible for national banks, but which a bank resulting from a conversion or a merger is permitted to retain for a reasonable time period, usually not more than two years, to wind up, divest, or bring into conformance. *See, e.g.*, 12 U.S.C. § 35 (second paragraph); 12 C.F.R. § 5.24(d)(2)(ii)(H) & 5.24(d)(2)(iii); 12 C.F.R. § 5.33(e)(5); Comptroller’s Licensing Manual, Conversions Booklet (April 2004) (page 9); Comptroller’s Licensing Manual, Business Combinations Booklet (December 2006) (page 35).

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CBMA owns one (1) share of Class A (voting) and 94,749 shares of Class B (non-voting) stock of the Savings Bank Life Insurance of Massachusetts, and CBCT owns 1,225 shares of the stock of the VantisLife Insurance Company (doing business as Savings Bank Life Insurance Company, Connecticut). The Resulting Bank will evaluate its business options and will either divest the stock or bring the stock into conformance within one year.

### **Citizenship Waivers**

A request for the citizenship waivers for the Board of Directors of the Resulting Bank for Directors Johnny Cameron and Sir Fred Goodwin is approved.

### **Consummation Guidance**

Please refer to the Business Combination booklet for the required steps to complete the mergers.

As a reminder, the district office must be advised in writing 10 days in advance of the desired effective date for the mergers so that the OCC may issue the necessary certification.

The OCC will issue a letter certifying consummation of the transactions when we receive:

1. Evidence that all required regulatory approvals, waivers, or non-objections have been received.
2. A Secretary's Certificate for each institution, certifying that a majority of the board of directors approved the mergers.
3. Executed merger agreements with Articles of Association for the resulting bank attached.
4. A Secretary's Certificate from each institution, certifying that the shareholder approvals have been obtained.

If the merger is not consummated within one year from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

This approval and the activities and communications by OCC employees in connection

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with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States (U.S.), any agency or entity of the United States, or any officer or employee of the U. S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U. S.

All correspondence regarding this application should reference the control number. If you have any questions, please contact me, at 212.790.4055.

Sincerely,

*signed*

Sandya Reddy  
Acting Director for District Licensing